

Memorandum

Finance and Technology Department



Date: May 2, 2014

To: Mayor and Councilmembers

From: Ken Jones, Finance and Technology Director

Subject: Quarterly Financial Report – Quarter Ended March 31, 2014

Attached is the Quarterly Financial Report for the third quarter of Fiscal Year 2013-14, (the quarter ending March 31, 2014). We have included a quick-reference Table of Contents on Page 1, which, in the electronic version, will allow you to quickly navigate to areas of interest by clicking on titles or page numbers. The small Tempe logo on every page will return you to the Table of Contents. (The electronic version of this report is included in your May 2nd Friday Information Packet and can also be found on the Budget Office's Internet page within the Finance and Technology Department).

Please let me know if you have questions about the information contained in this report.



Quarterly Financial Performance Report

Through 3rd Quarter FY 2013-14 (July-March 2014)

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Performance Ratings Key

Positive = A positive variance, or a negative variance of less than 2%, which shows the category is performing close to historical trends.

Watch = A negative variance between 2-5%, compared to historical trends

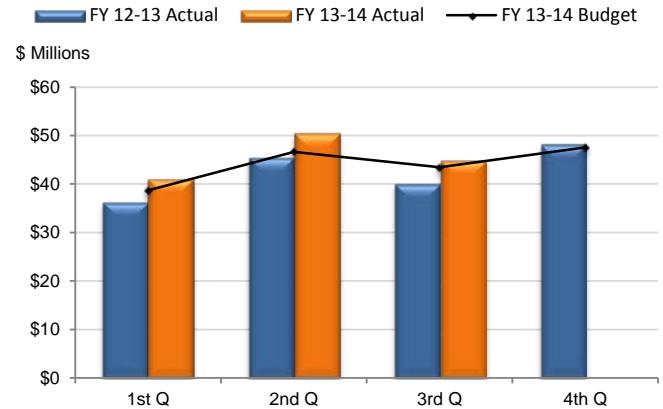
Negative = A negative variance of greater than 5%, compared to historical trends.



General Fund Revenue Quarterly Analysis

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		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 38,724,823	\$ 41,181,136	23.3%	22.1%
2nd Q	Oct-Dec 13	46,656,282	50,548,754	28.7%	26.6%
3rd Q	Jan-Mar 14	43,464,073	44,963,598	25.5%	24.2%
4th Q	Apr-Jun 14	47,589,598			
Total		\$ 176,434,776	\$ 136,693,488	77.5%	72.9%
Variance from Budget			\$ 7,848,310	6.1%	



Positive

Through the third quarter of FY 2013-14, General Fund revenue is 77.5% of budget, compared with a historical percentage of 72.9%. In terms of budget-to-actual variance, total collections are in line with the anticipated revenue target for the third quarter. A negative variance in Franchise Fees is offset by on target or positive variances in all of the other revenue categories. The scope of budget-to-actual variance for each category can be seen in the table and graph at the bottom-right corner of this page. Quarterly collection detail by category can be found on pages 2 through 6 of this report.

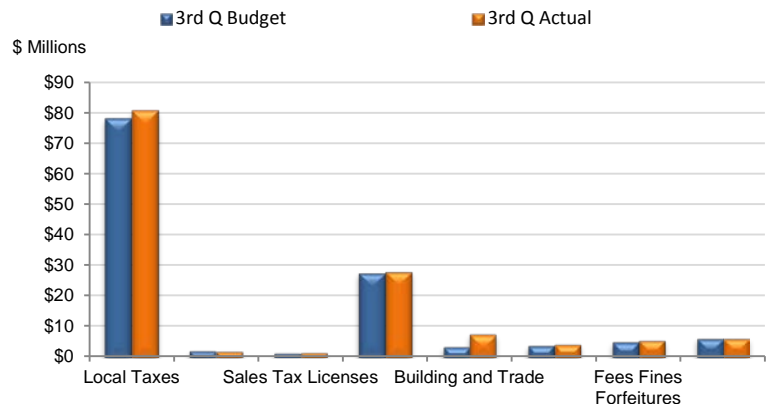
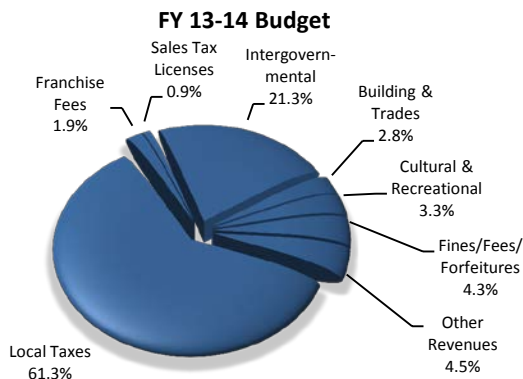


General Fund Revenue by Category

Cumulative Revenue through 3Q 2013-2014

Revenue Categories	FY 13-14 Annual Budget	% of Annual Budget
Local Taxes	\$ 108,074,811	61.3%
Franchise Fees	3,273,736	1.9%
Sales Tax Licenses	1,664,632	0.9%
Intergovernmental	37,406,500	21.2%
Building & Trades	4,911,527	2.8%
Cultural & Recreational	5,748,630	3.3%
Fines/Fees/Forfeitures	7,455,390	4.2%
Other Revenues	7,899,550	4.5%
Total	\$ 176,434,776	

	Budget Target	Actual Revenue	% of Budget Target
Local Taxes	\$ 78,443,818	\$ 80,944,292	103%
Franchise Fees	2,192,398	2,073,144	95%
Sales Tax Licenses	1,534,168	1,607,578	105%
Intergovernmental	27,819,827	28,192,180	101%
Building & Trades	3,508,672	7,657,146	218%
Cultural & Recreational	3,916,020	4,280,050	109%
Fines/Fees/Forfeitures	5,111,365	5,652,081	111%
Other Revenues	6,318,912	6,287,017	99%
Total	\$ 128,845,178	\$ 136,693,488	106%

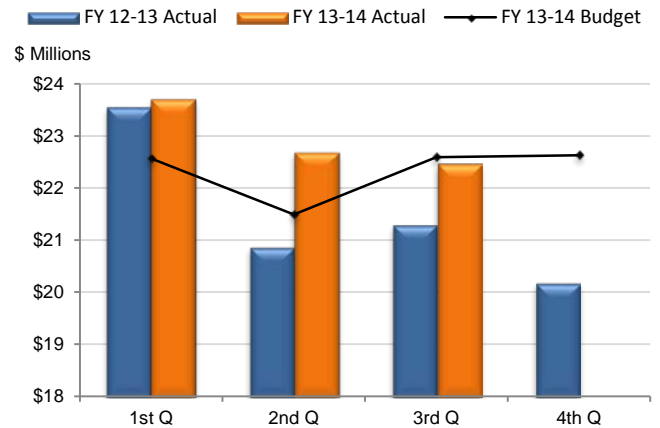




Sales Tax

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 22,566,834	\$ 23,722,049	26.6%	25.3%
2nd Q	Oct-Dec 13	21,488,752	22,708,582	25.4%	24.1%
3rd Q	Jan-Mar 14	22,594,659	22,482,579	25.2%	25.3%
4th Q	Apr-Jun 14	22,631,384			
Total		\$ 89,281,629	\$ 68,913,209	77.2%	74.7%
Variance from Budget			\$ 2,262,965	3.4%	

Positive



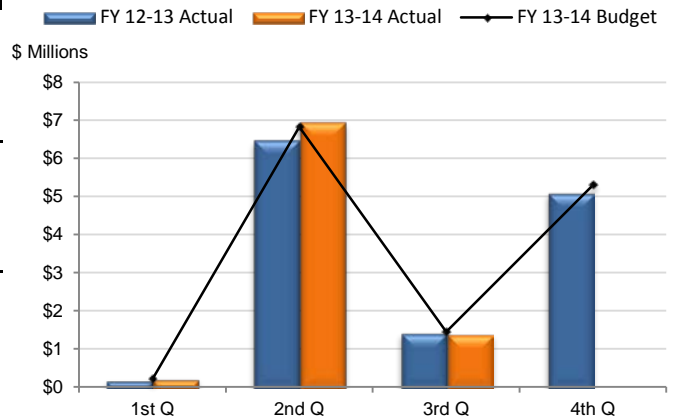
City Sales Taxes are generated by a 2.0% levy on sales transactions in the city (only 1.8% on food for home consumption and construction contracting). Of the total 2.0% rate, 1.4% is deposited in the General Fund, 0.5% is dedicated for Transit purposes, and the remaining 0.1% is deposited in the Performing Arts Fund. The amount deposited in the General Fund is depicted in the table and graph above. This revenue source contributes 50.0% of the General Fund budget in FY 2013-14 making it the City's largest revenue source. Through the third quarter of FY 2013-14, Sales Tax collections are 77.2% of budget, which is above the historical average of 74.7%. In terms of budget-to-actual variance, collections are 3.4% above the budgeted value.



Property Tax

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 208,155	\$ 246,862	1.8%	1.5%
2nd Q	Oct-Dec 13	6,825,766	6,942,022	50.4%	49.5%
3rd Q	Jan-Mar 14	1,449,422	1,409,104	10.2%	10.5%
4th Q	Apr-Jun 14	5,295,335			
Total		\$ 13,778,678	\$ 8,597,988	62.4%	61.5%
Variance from Budget			\$ 114,646	1.4%	

Positive



Property Tax revenue in the General Fund is generated by a \$0.92 charge per \$100 of the primary assessed valuation of real and personal property. In FY 2013-14, Property Taxes contribute 7.7% of budgeted General Fund revenue. Through the third quarter of FY 2013-14, Property Tax collections are 62.4% of budget, which is in line with the historical average of 61.5%.

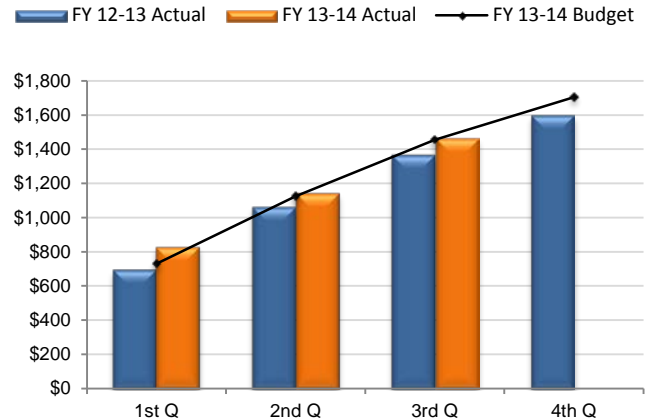


Bed Tax

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 729,910	\$ 828,775	16.5%	14.6%
2nd Q	Oct-Dec 13	1,125,367	1,141,490	22.8%	22.4%
3rd Q	Jan-Mar 14	1,454,954	1,462,829	29.2%	29.0%
4th Q	Apr-Jun 14	1,704,274			
Total		\$ 5,014,504	\$ 3,433,095	68.5%	66.0%

Variance from Budget \$ 122,864 3.7%

Positive



The Transient Lodging Tax, or Bed Tax is a 5% levy on hotel and motel sales that contributes approximately 2.8% of budgeted General Fund revenue in FY 2013-14. Bed Tax collections through the third quarter of FY 2013-14 are 68.5% of budget, approximately 2.5% above the historical average. In terms of budget-to-actual variance, collections are 3.7% above the budgeted value. This category is expected to perform well this fiscal year due the opening of the new Marriott Residence Inn.

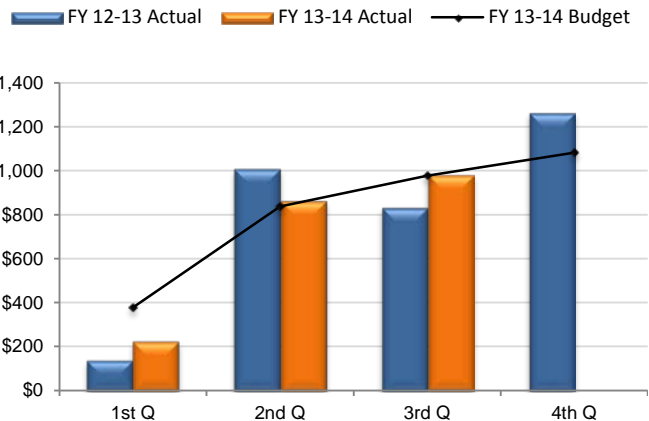


Franchise Fees

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 378,192	\$ 227,486	6.9%	11.6%
2nd Q	Oct-Dec 13	836,822	863,785	26.4%	25.6%
3rd Q	Jan-Mar 14	977,384	981,873	30.0%	29.9%
4th Q	Apr-Jun 14	1,081,338			
Total		\$ 3,273,736	\$ 2,073,144	63.3%	67.1%

Variance from Budget \$ (119,254) -5.4%

Negative



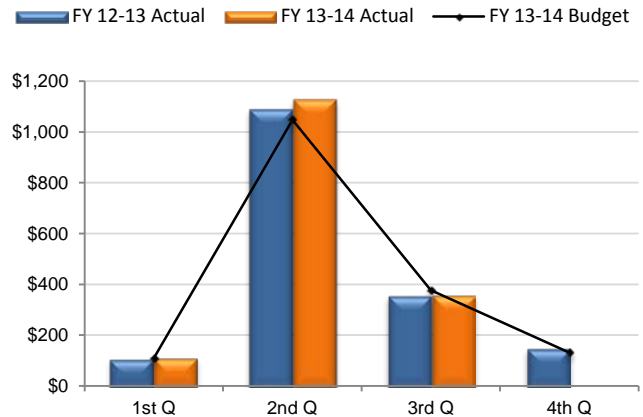
Franchise Fee revenues are collected based on specific agreements with service providers in the city, including Arizona Public Service (2% of revenue), Cox Communications (5% of gross revenue), Southwest Gas (2% of gross revenue), and a number of telecommunications service providers. These fees contribute 1.8% of annual General Fund revenue. Franchise Fee payments are 63.3% of the budgeted amount through the third quarter of FY 2013-14, compared to 67.1% historically. In terms of budget-to-actual variance, collections are 5.4%, or \$119,254 below the budgeted value. This variance is due to underperformance in Telecommunications Franchise Fee collections. Since the first three quarters normally represent 67.1% of the annual total, this variation represents less than 4.0% of the forecast for the year. This category will be under enhanced scrutiny until it is brought into "Positive" monitoring status.



Sales Tax Licenses

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 109,483	\$ 116,373	7.0%	6.6%
2nd Q	Oct-Dec 13	1,048,264	1,130,498	67.9%	63.0%
3rd Q	Jan-Mar 14	376,421	360,707	21.7%	22.6%
4th Q	Apr-Jun 14	130,464			
Total		\$ 1,664,632	\$ 1,607,578	96.6%	92.2%
Variance from Budget			\$ 73,410	4.8%	

Positive



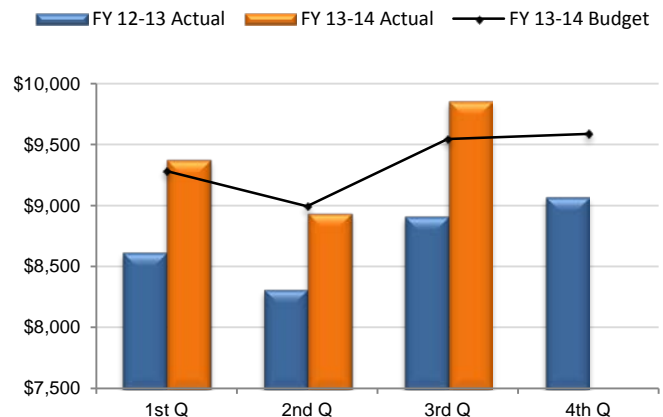
The City requires taxable business activities to be licensed, with the annual licensing fee amount varying by business type. Sales Tax License collections through the third quarter of FY 2013-14 were 96.6% of budget, compared to the historical average of 92.2%. Sales Tax Licenses contribute 0.9% of annual General Fund revenue. In terms of budget-to-actual variance, collections are 4.8% above the budgeted value.



Intergovernmental

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 9,282,683	\$ 9,381,982	25.1%	24.8%
2nd Q	Oct-Dec 13	8,992,729	8,947,735	23.9%	24.0%
3rd Q	Jan-Mar 14	9,544,415	9,862,464	26.4%	25.5%
4th Q	Apr-Jun 14	9,586,673			
Total		\$ 37,406,500	\$ 28,192,180	75.4%	74.3%
Variance from Budget			\$ 372,353	1.3%	

Positive

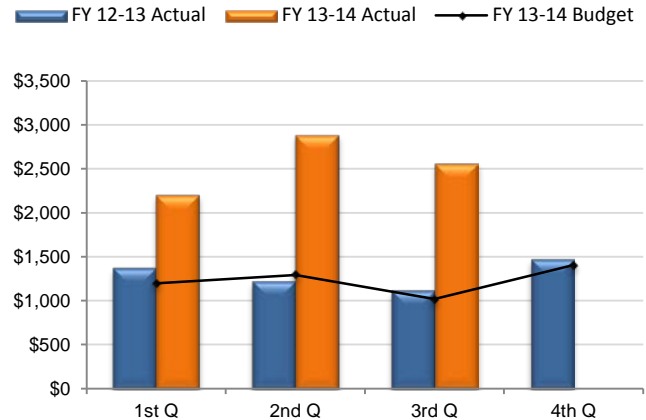


Intergovernmental Revenue includes distributions of State Income Taxes, State Sales Taxes, and State Vehicle License Taxes. These revenues are distributed based on Tempe's share of the state urban population as determined by the U.S. Census. In total, these revenues constitute 21.3% of budgeted revenue for FY 2013-14, making this the second largest General Fund revenue source after Sales Taxes. Through the third quarter of FY 2013-14, actual collections are 75.4% of budget, compared to a historical average of 74.3%. When compared to the same time period of last fiscal year, cumulative collections through the third quarter are 9.1% higher. In terms of budget-to-actual variance, collections are 1.3%, or \$372,353 above the budgeted value, due to better than expected Vehicle License Taxes.



Building & Trades

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 1,198,433	\$ 2,204,607	44.9%	24.4%
2nd Q	Oct-Dec 13	1,291,843	2,888,141	58.8%	26.3%
3rd Q	Jan-Mar 14	1,018,395	2,564,398	52.2%	20.7%
4th Q	Apr-Jun 14	1,402,855			
Total		\$ 4,911,527	\$ 7,657,146	155.9%	71.4%
Variance from Budget			\$ 4,148,475	118.2%	



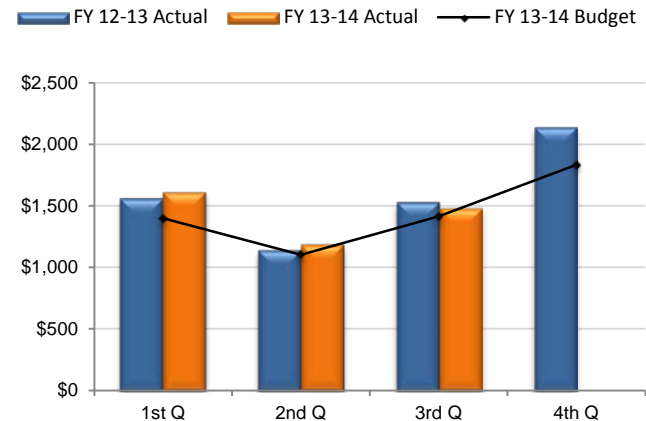
Positive

Building and Trade revenues consist of Building Permit Fees, Plan Check Fees, and other miscellaneous engineering and permitting fees generated by development. These fees are charged to recover a portion of the cost of regulating development. Through the third quarter of FY 2013-14, actual collections are 155.9% of budget, compared to a historical average of 71.4%. In terms of budget-to-actual variance, collections are 118.3% above the budgeted estimate. The exceptional performance through the third quarter is due to the plan check fees for the Marina Heights project on Rio Salado. This project is expected to boost this revenue stream until FY 2014-15.



Cultural & Recreational

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 1,399,087	\$ 1,611,974	28.0%	24.3%
2nd Q	Oct-Dec 13	1,103,082	1,187,091	20.6%	19.2%
3rd Q	Jan-Mar 14	1,413,851	1,480,985	25.8%	24.6%
4th Q	Apr-Jun 14	1,832,610			
Total		\$ 5,748,630	\$ 4,280,050	74.5%	68.1%
Variance from Budget			\$ 364,030	9.3%	



Positive

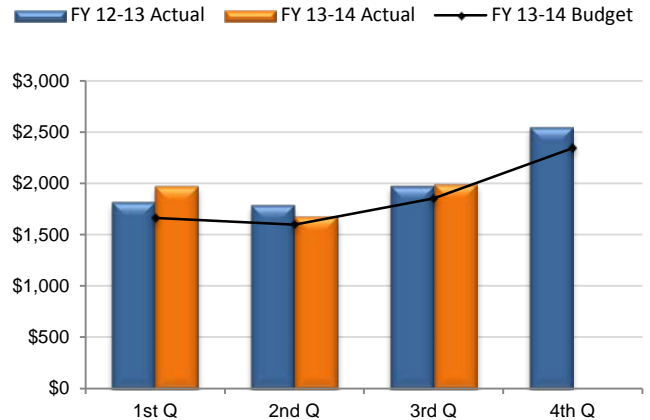
Cultural and Recreational revenues include fees and charges to recover a portion of the costs of providing the City's cultural and recreational programs. The majority of this revenue source is generated from fees charged for the City's Kid Zone program. In total, Cultural and Recreational fees represent 3.3% of total budgeted General Fund revenue for FY 2013-14. Through the third quarter of FY 2013-14, Cultural and Recreational fee collections are 74.5% of budget, compared to the historical average of 68.1%, for a total variance of 6.4%. In terms of budget-to-actual variance, collections are 9.3% above the budgeted value.



Fines, Fees, Forfeitures

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 1,662,169	\$ 1,976,600	26.5%	22.3%
2nd Q	Oct-Dec 13	1,595,939	1,680,230	22.5%	21.4%
3rd Q	Jan-Mar 14	1,853,256	1,995,250	26.8%	24.9%
4th Q	Apr-Jun 14	2,344,025			
Total		\$ 7,455,390	\$ 5,652,081	75.8%	68.6%
Variance from Budget			\$ 540,716	10.6%	

Positive



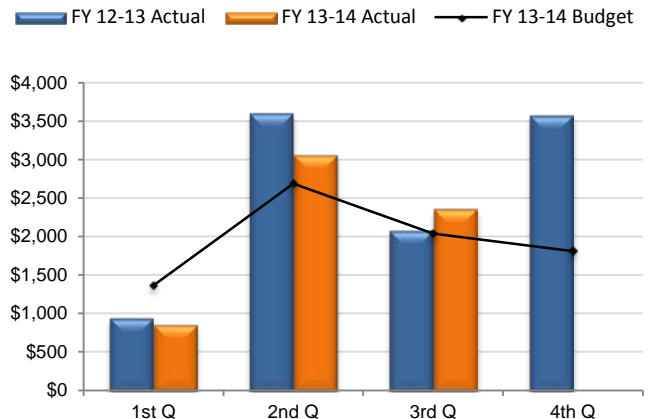
Fines, Fees, and Forfeiture revenue derives from fines and other payments related to violations of state laws and local ordinances, including parking, traffic, and criminal enforcement activities. In total, Fines, Fees, and Forfeitures represent 4.3% of total budgeted General Fund revenue for FY 2013-14. Through the third quarter of FY 2013-14, 75.8% of budgeted revenues have been collected, compared to a historical average of 68.6%. In terms of budget-to-actual variance, this category is 10.6% above the expected value through the third quarter. While it is difficult to ascertain the precise historical pattern due to the timing of the discontinuation of the Photo Enforcement program, at this time this category appears to be following a positive collections trend.



Other Revenues

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	\$ 1,363,101	\$ 864,428	10.9%	17.3%
2nd Q	Oct-Dec 13	2,689,501	3,059,181	38.7%	34.0%
3rd Q	Jan-Mar 14	2,036,197	2,363,409	29.9%	25.8%
4th Q	Apr-Jun 14	1,810,750			
Total		\$ 7,899,550	\$ 6,287,017	79.6%	77.1%
Variance from Budget			\$ 198,217	3.3%	

Positive



Other Revenues include collections from a variety of sources not otherwise accounted for in the major revenue categories. Primary components of Other Revenues are Interest Earnings, Land and Building Facility Rental, and SRP In-Lieu Payments. Through the third quarter of the fiscal year, collections of Other Revenue are 79.6% of the FY 2013-14 budget, compared to a historical tracking percentage of 77.1%. In terms of budget-to-actual variance, this category is 3.3% above the expected estimate for the third quarter. However, this increase is primarily due to an interfund transfer of \$1.0 million used to pay a special assessment.



General Fund Expenditures Quarterly Analysis

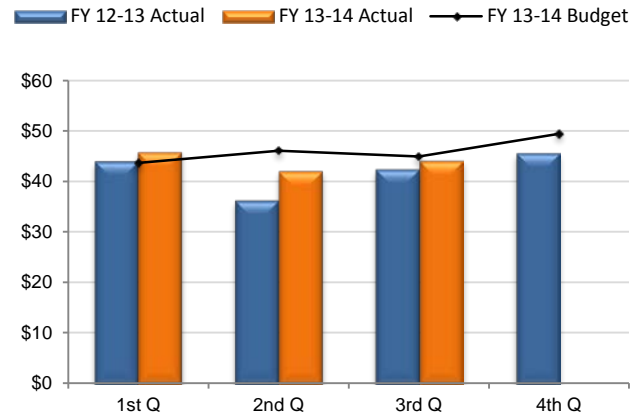
Page 7

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 43,647,126	\$ 45,909,544	24.9%	23.7%
2nd Q	Oct-Dec 13	46,112,939	42,116,019	22.9%	25.0%
3rd Q	Jan-Mar 14	44,927,439	44,161,337	24.0%	24.4%
4th Q	Apr-Jun 14	49,420,261			
Total		\$ 184,107,765	\$ 132,186,900	71.8%	73.1%

Variance from Budget \$ (2,500,603) -1.9%

*Budget excludes \$1 million contingency appropriation

Positive

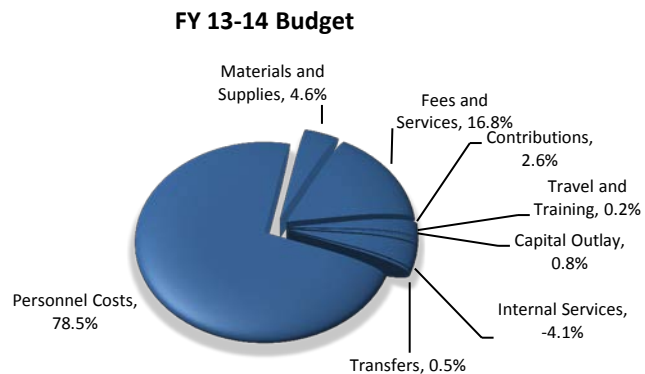


Through the third quarter of FY 13-14, General Fund expenditures are 71.8% of budget, compared with a historical percentage of 73.1%. In terms of budget-to-actual variance, General Fund expenditures are 1.9% below budget for the third quarter. Departmental quarterly expenditure tracking data can be found on pages 8 through 15 of this report.



General Fund Expenditures By Category

Categories	FY 13-14 Adopted Budget	% of Adopted Budget
Personnel Costs	\$ 144,603,426	78.5%
Materials and Supplies	8,534,949	4.6%
Fees and Services	30,958,555	16.8%
Contributions	4,817,276	2.6%
Travel and Training	416,999	0.2%
Capital Outlay	1,426,180	0.8%
Internal Services	(7,534,040)	-4.1%
Transfers	884,420	0.5%
Total	\$ 184,107,765	





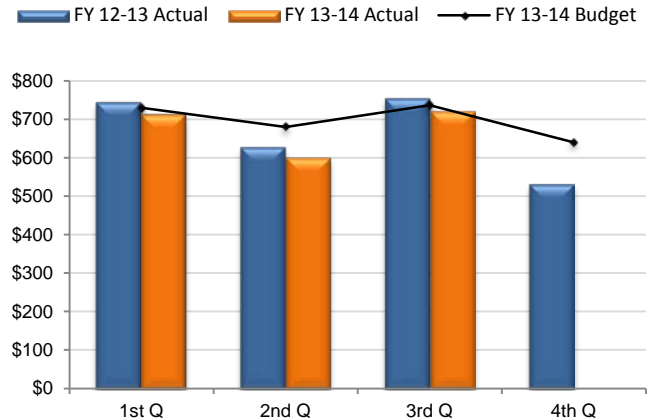
City Attorney's Office

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 13	\$ 729,677	\$ 713,467	25.6%	26.2%
2nd Q	Oct-Dec 13	680,306	601,171	21.6%	24.4%
3rd Q	Jan-Mar 14	736,776	721,077	25.9%	26.4%
4th Q	Apr-Jun 14	640,352			
Total		\$ 2,787,112	\$ 2,035,714	73.0%	77.0%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (111,046) -5.2%

Positive



The City Attorney's Office spent 73.0% of its FY 13-14 budget through the third quarter, compared to a historical average of 77.0%. In terms of budget-to-actual variance, expenditures are 5.2% lower than budgeted for the third quarter.



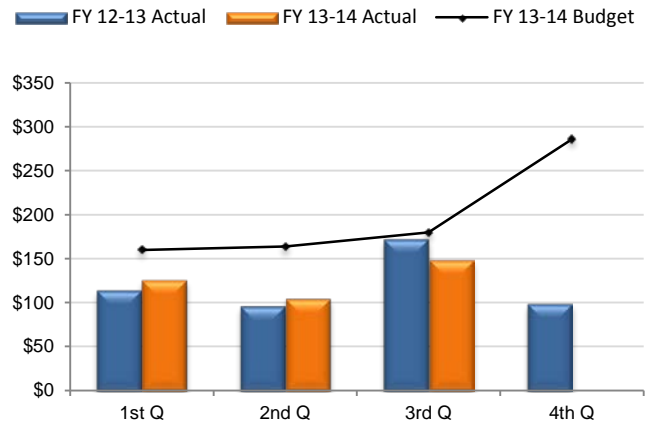
City Clerk's Office

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 13	\$ 159,816	\$ 125,932	16.0%	20.3%
2nd Q	Oct-Dec 13	163,767	104,807	13.3%	20.8%
3rd Q	Jan-Mar 14	179,636	148,579	18.8%	22.8%
4th Q	Apr-Jun 14	285,990			
Total		\$ 789,209	\$ 379,318	48.1%	63.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (123,901) -24.6%

Positive



The City Clerk's Office has spent 48.1% of its FY 13-14 budget through the third quarter, compared to a historical average of 63.9%. In terms of variance from budget in the third quarter, expenditures are \$123,901 or 24.6% below the expected amount.



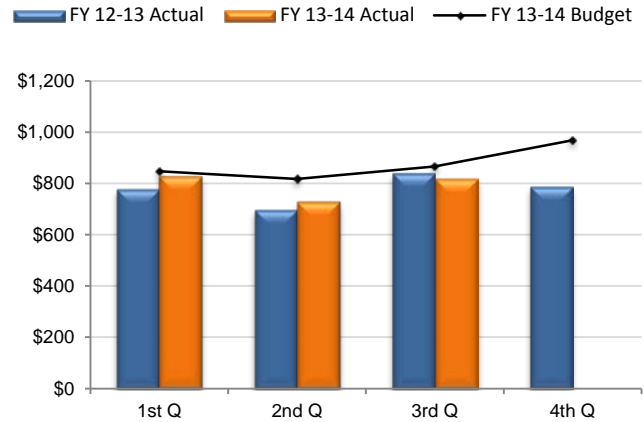
City Court

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 847,496	\$ 827,779	23.7%	24.2%
2nd Q	Oct-Dec 13	817,273	728,301	20.8%	23.4%
3rd Q	Jan-Mar 14	866,354	817,737	23.4%	24.8%
4th Q	Apr-Jun 14	968,691			
Total		\$ 3,499,814	\$ 2,373,817	67.8%	72.4%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (157,306) -6.2%

Positive



The City Court has spent 67.85% of its FY 13-14 budget through the third quarter, compared to the historical average of 72.4%. In terms of variance from budget in the third quarter, expenditures are \$157,306 or 6.2% below the expected amount.



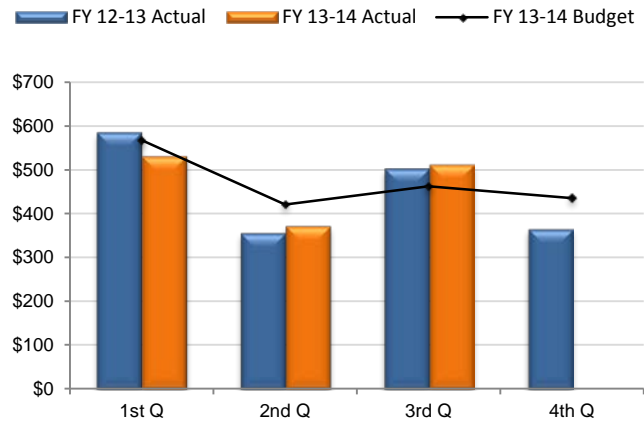
City Manager's Office

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 567,737	\$ 531,706	28.2%	30.1%
2nd Q	Oct-Dec 13	420,770	372,518	19.7%	22.3%
3rd Q	Jan-Mar 14	462,564	512,975	27.2%	24.5%
4th Q	Apr-Jun 14	435,475			
Total		\$ 1,886,545	\$ 1,417,199	75.1%	76.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (33,871) -2.3%

Positive



The City Manager's Office has spent 75.1% of its FY 13-14 budget through the third quarter, compared to the historical average of 76.9%. In terms of variance from budget in the third quarter, expenditures are \$33,871 or 2.3% below the expected amount.



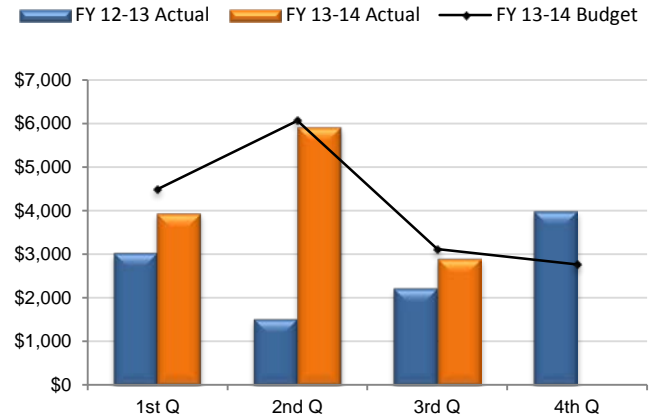
Community Development

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 4,489,509	\$ 3,947,064	24.0%	27.3%
2nd Q	Oct-Dec 13	6,063,640	5,923,197	36.1%	36.9%
3rd Q	Jan-Mar 14	3,113,795	2,910,238	17.7%	19.0%
4th Q	Apr-Jun 14	2,759,476			
Total		\$ 16,426,420	\$ 12,780,499	77.8%	83.2%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (886,444) -6.5%

Positive



The Community Development Department has spent 77.8% of its FY 13-14 budget through the third quarter, compared to the expected value of 83.2%. In terms of variance from budget, expenditures are \$886,444 or 6.5% below the expected amount.



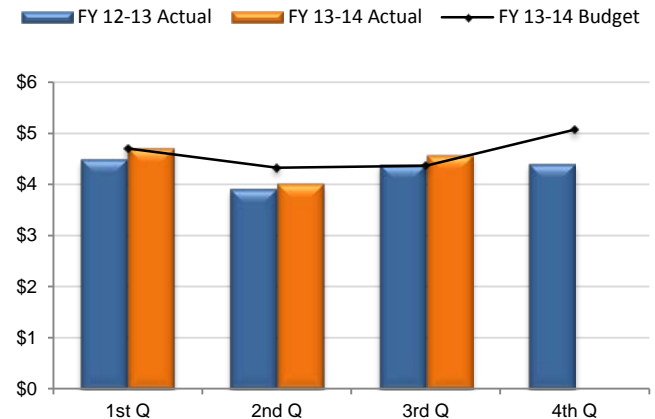
Community Services

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 4,703,026	\$ 4,701,618	25.5%	25.5%
2nd Q	Oct-Dec 13	4,324,742	4,013,883	21.7%	23.4%
3rd Q	Jan-Mar 14	4,367,288	4,562,947	24.7%	23.6%
4th Q	Apr-Jun 14	5,073,432			
Total		\$ 18,468,488	\$ 13,278,448	71.9%	72.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (116,608) -0.9%

Positive



The Community Services Department spent 71.9% of its FY 13-14 budget through the third quarter, compared to the historical average of 72.5%. In terms of variance from budget in the third quarter, expenditures are \$116,608 or 0.9% below the expected amount.



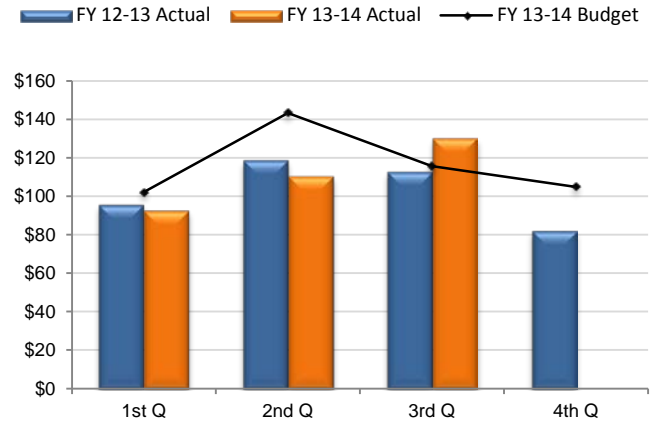
Diversity Office

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 102,134	\$ 92,651	19.9%	21.9%
2nd Q	Oct-Dec 13	143,382	110,521	23.7%	30.8%
3rd Q	Jan-Mar 14	115,743	130,152	27.9%	24.8%
4th Q	Apr-Jun 14	104,874			
Total		\$ 466,133	\$ 333,324	71.5%	77.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (27,935) -7.7%

Positive



The Diversity Office spent 71.5% of its FY 13-14 budget through the third quarter, compared to a historical average of 77.5%. In terms of variance from budget in the third quarter, expenditures are \$27,935 or 7.7% below the expected amount.



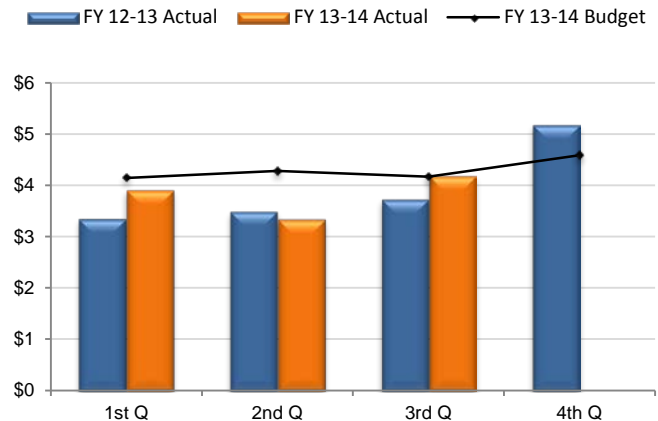
Finance and Technology

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 4,144,132	\$ 3,922,244	22.8%	24.1%
2nd Q	Oct-Dec 13	4,280,779	3,348,764	19.5%	24.9%
3rd Q	Jan-Mar 14	4,170,727	4,196,076	24.4%	24.3%
4th Q	Apr-Jun 14	4,587,806			
Total		\$ 17,183,445	\$ 11,467,083	66.7%	73.3%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (1,128,555) -9.0%

Positive



The Finance and Technology Department has spent 66.7% of its FY 13-14 budget through the third quarter, compared with a historical average of 73.3%. In terms of variance from budget through the third quarter, expenditures are \$1,128,555 or 9.0% below the expected amount.

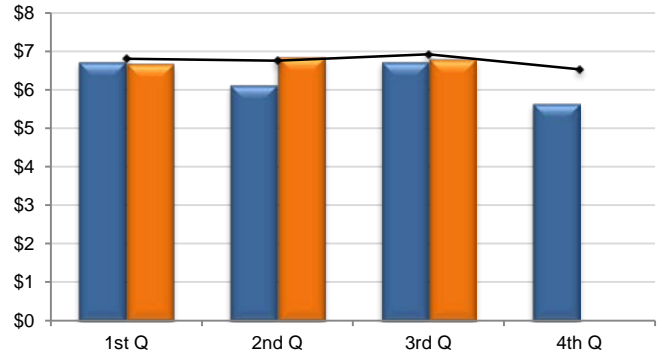
**Fire**

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 6,811,117	\$ 6,683,283	24.7%	25.2%
2nd Q	Oct-Dec 13	6,759,738	6,854,221	25.4%	25.0%
3rd Q	Jan-Mar 14	6,926,623	6,798,838	25.2%	25.6%
4th Q	Apr-Jun 14	6,535,014			
Total		\$ 27,032,492	\$ 20,336,343	75.2%	75.8%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (161,135) -0.8%

FY 12-13 Actual FY 13-14 Actual FY 13-14 Budget

**Positive**

The Fire Medical Rescue Department has spent 75.2% of its FY 13-14 budget through the third quarter, compared with a historical percentage of 75.8%. In terms of variance from budget through the third quarter, expenditures are \$161,135 or 0.8% below the expected amount.

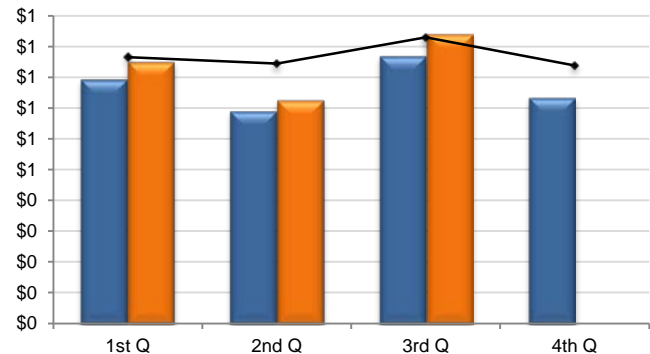
**Human Resources**

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 865,988	\$ 852,247	24.5%	24.9%
2nd Q	Oct-Dec 13	844,293	727,082	20.9%	24.3%
3rd Q	Jan-Mar 14	929,831	942,532	27.1%	26.7%
4th Q	Apr-Jun 14	838,647			
Total		\$ 3,478,758	\$ 2,521,862	72.5%	75.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (118,250) -4.5%

FY 12-13 Actual FY 13-14 Actual FY 13-14 Budget

**Positive**

The Human Resources Department has spent 72.5% of its FY 13-14 budget through the third quarter, compared with a historical average of 75.9%. In terms of variance from budget through the third quarter, expenditures are \$118,250 or 4.5% below the expected amount.



Internal Audit Office

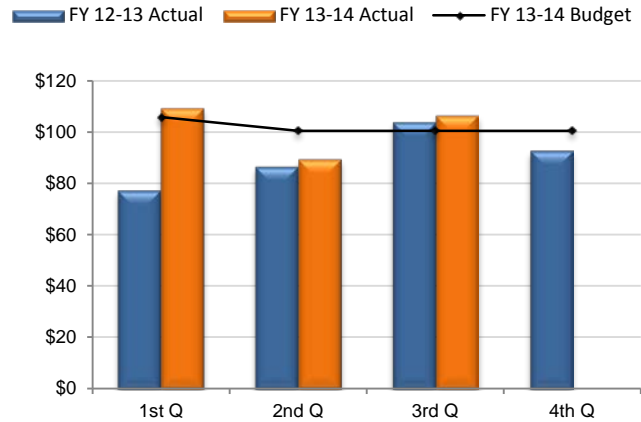
		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 105,849	\$ 109,267	26.8%	26.0%
2nd Q	Oct-Dec 13	100,511	89,389	21.9%	24.7%
3rd Q	Jan-Mar 14	100,511	106,418	26.1%	24.7%
4th Q	Apr-Jun 14	100,511			
Total		\$ 407,383	\$ 305,074	74.9%	75.4%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (1,798) -0.6%

Positive

The Internal Audit Office has spent 74.9% of its FY 13-14 budget through the end of the third quarter, compared to the historical pattern of 75.4% during this period. In terms of variance from budget in the third quarter, expenditures are \$1,798 or 0.6% below the expected amount.



Mayor and Council

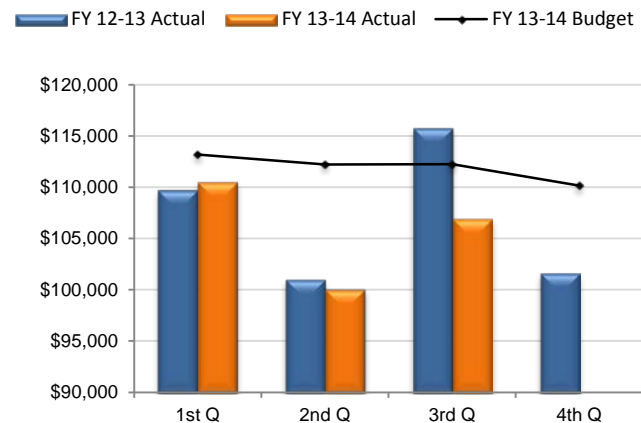
		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 113,184	\$ 110,533	24.7%	25.3%
2nd Q	Oct-Dec 13	112,228	100,093	22.4%	25.1%
3rd Q	Jan-Mar 14	112,249	106,973	23.9%	25.1%
4th Q	Apr-Jun 14	110,148			
Total		\$ 447,810	\$ 317,599	70.9%	75.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (20,063) -5.9%

Positive

The Mayor and Council has spent 70.9% of its FY 13-14 budget through the third quarter, compared with a historical average of 75.5%. In terms of variance from budget in the third quarter, expenditures are \$20,063 or 5.9% below the expected amount.





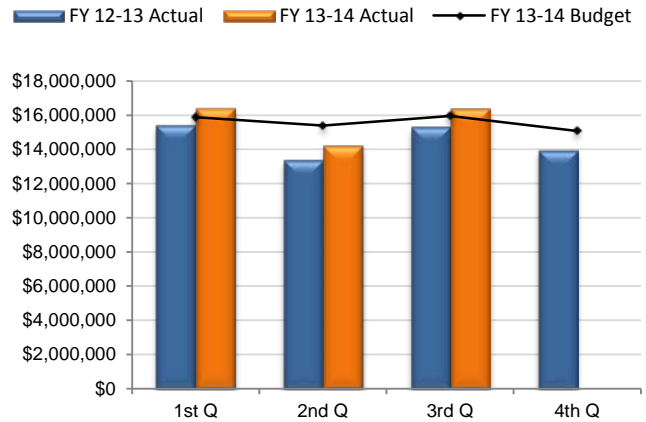
Police

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 15,879,879	\$ 16,435,327	26.4%	25.5%
2nd Q	Oct-Dec 13	15,400,784	14,251,669	22.9%	24.7%
3rd Q	Jan-Mar 14	15,961,139	16,419,469	26.3%	25.6%
4th Q	Apr-Jun 14	15,076,295			
Total		\$ 62,318,096	\$ 47,106,464	75.6%	75.8%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (135,337) -0.3%

Positive



The Police Department has spent 75.6% of its FY 13-14 budget through the third quarter, compared to a historical average of 75.8%. In terms of variance from budget through the third quarter, expenditures are \$135,337 or 0.3% below the expected amount.



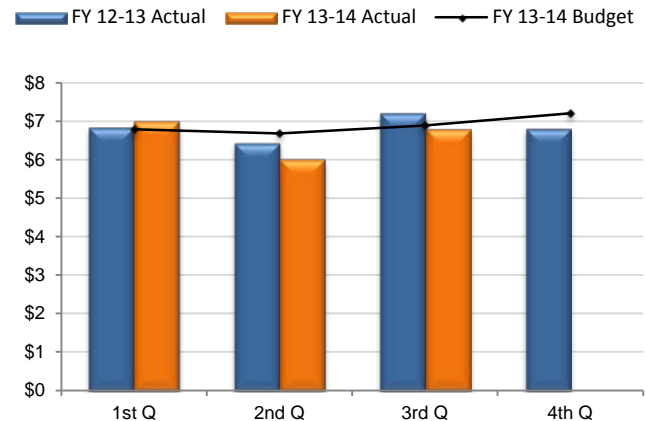
Public Works

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 6,794,127	\$ 7,000,828	25.4%	24.6%
2nd Q	Oct-Dec 13	6,686,251	6,010,431	21.8%	24.2%
3rd Q	Jan-Mar 14	6,891,598	6,787,729	24.6%	25.0%
4th Q	Apr-Jun 14	7,203,268			
Total		\$ 27,575,244	\$ 19,798,988	71.8%	73.8%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (572,989) -2.8%

Positive



The Public Works Department has spent 71.8% of its FY 13-14 General Fund budget through the third quarter, compared with a historical average of 73.8%. In terms of variance from budget through the third quarter, expenditures are \$572,989 or 2.8% below the expected amount.



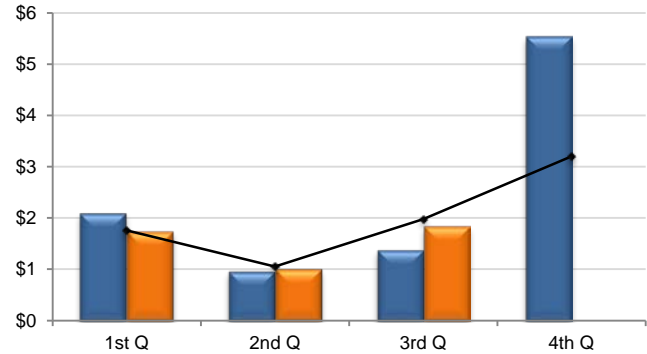
Non-Departmental

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	\$ 1,759,269	\$ 1,737,087	21.7%	22.0%
2nd Q	Oct-Dec 13	1,053,978	1,012,407	12.7%	13.2%
3rd Q	Jan-Mar 14	1,973,869	1,841,224	23.0%	24.7%
4th Q	Apr-Jun 14	3,203,321			
Total		\$ 7,990,436	\$ 4,590,717	57.5%	59.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (196,398) -4.1%

FY 12-13 Actual FY 13-14 Actual FY 13-14 Budget



Positive

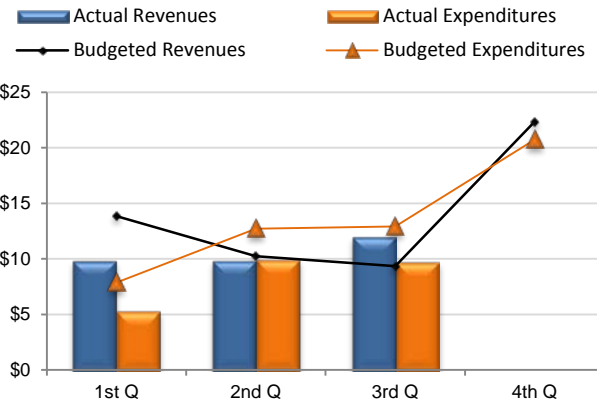
The Non-Departmental category of the budget includes items that do not directly relate to the operations of any one of the City's operating departments. Some examples of such expenditures include the payment of the Tempe Convention and Visitors Bureau's portion of the Bed Tax, the operating budget and agency funding allocations to the Tempe Community Council, and football bowl sponsorship. Through the third quarter of FY 2013-14 Non-Departmental expenditures are 57.5% of budget compared to the historical pattern of 59.9%. In terms of variance from budget in the third quarter, expenditures are \$196,398 below the historical average.



Transit Fund

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Total Revenues	\$ 55,779,100	\$ 31,682,315	56.8%
Operating	\$ 49,528,311	\$ 23,404,559	47.3%
Capital	64,539	94,022	145.7%
Debt Service	4,663,213	1,487,672	31.9%
Total Exp	\$ 54,256,063	\$ 24,986,253	46.1%
Net Rev/Exp	\$ 1,523,037	\$ 6,696,062	

*amounts exclude transfers out and encumbrances



Positive

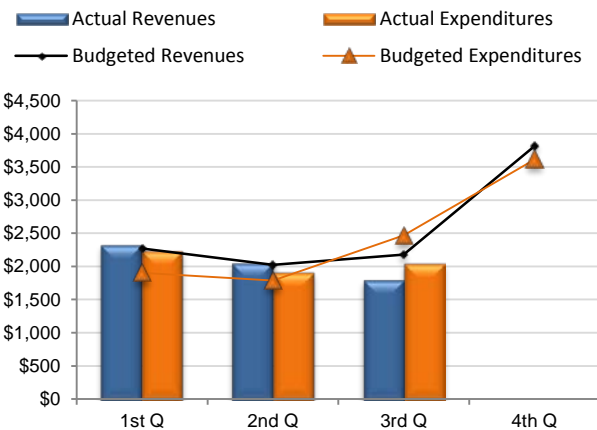
The Transit Fund accounts for the receipt of the Mass Transit Tax, a 0.5% tax on sales. Fund resources are dedicated to transit system planning, design, and operations, community outreach, and debt service. Through the end of the third quarter, there is an operating surplus in the Transit Fund of \$6.7 million. Transit Fund revenue is at 56.8% of budget which is slightly behind the historical tracking percentage of 59.9%, due to the timing of payments from the Regional Public Transportation Authority. Expenditures are 46.1% of budget compared to the recent historical tracking percentage of 61.8%.



Highway User Revenue Fund

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Revenues	\$ 9,193,972	\$ 5,683,772	61.8%
Transfers In	1,096,000	1,096,000	100.0%
Total Revenues	\$ 10,289,972	\$ 6,779,772	65.9%
Operating	\$ 9,155,344	\$ 6,126,796	66.9%
Capital	607,400	66,556	11.0%
Transfers Out	3,304	3,304	100.0%
Total Exp	\$ 9,766,048	\$ 6,196,656	63.5%
Net Rev/Exp	\$ 523,924	\$ 583,116	

*amounts exclude encumbrances



Positive

The Highway User Revenue Fund (HURF) accounts for the receipt of Highway User Revenue fund distributions from the state. These revenues are derived largely from fuel taxes and vehicle registration fees, and are allocated based on Tempe's share of state population. HURF resources are dedicated to Street and Traffic Operations, Maintenance, and Construction activities in the City. Revenues are 65.9% of budget, compared with 62.9% historically, while expenditures are 63.5% of budget, compared to the three year historical trend of 63.0%.

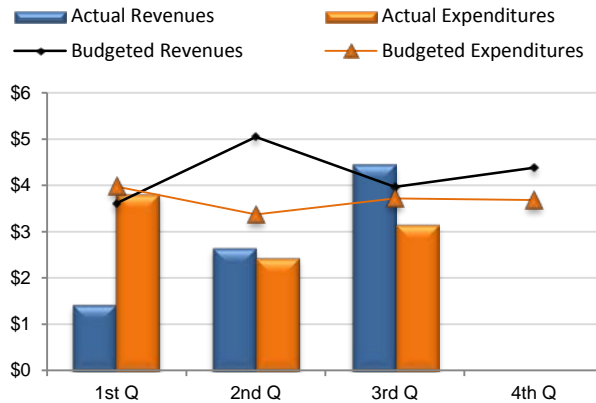


CDBG/Section 8 Funds

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Total Revenues	\$ 14,741,113	\$ 8,563,151	58.1%
Operating	\$ 14,080,405	\$ 8,872,601	63.0%
Capital	31,000	-	0.0%
Debt Service	629,708	505,398	80.3%
Total Exp	\$ 14,741,113	\$ 9,377,999	63.6%
Net Rev/Exp	\$ -	\$ (814,848)	

*amounts exclude encumbrances

Positive



The Community Development Block Grant (CDBG) and Section 8 Funds are established to account for the receipt and expenditure of federal grants for redevelopment and rental subsidies for low income residents. Revenues through the third quarter total 58.1% of the FY 13-14 budget, compared to the historical percentage of 68.7%. Expenditures through the third quarter total 63.6% of the FY 13-14 budget, compared to the historical percentage of 75.0%. The net effect on fund status through the third quarter is an operating deficit that is larger than the historical pattern, though this is largely due to the timing of grant revenues.



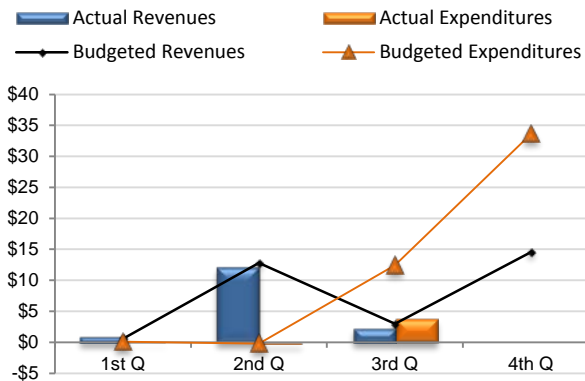
Debt Service Fund

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Revenues	\$ 24,770,246	\$ 15,047,860	60.7%
Transfers In	6,129,245	559,713	9.1%
Total Revenues	\$ 30,899,491	\$ 15,607,573	50.5%
Debt Service	\$ 37,846,463	\$ 2,491,054	6.6%
Transfers Out	8,085,285	1,003,881	12.4%
Total Exp	\$ 45,931,748	\$ 3,494,935	7.6%

Net Rev/Exp \$ (15,032,257) \$ 12,112,638

*amounts exclude encumbrances and impact of bond refunding

Positive

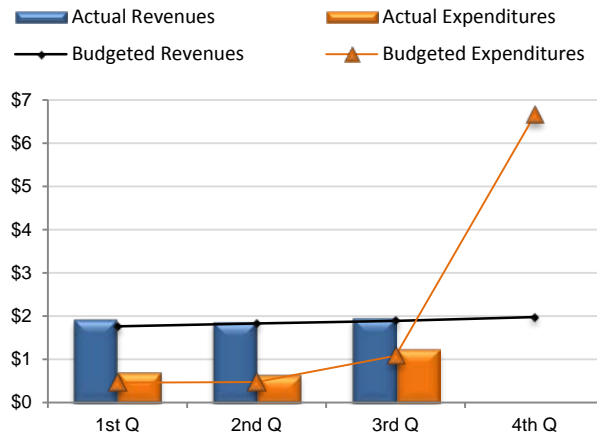


The Debt Service Fund accounts for the receipt of secondary Property Taxes to be used for payment of debt service on the City's tax supported debt. Actual revenues and expenditures through the third quarter are in line with historical budget comparisons and within budgeted parameters.



Performing Arts Fund

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Total Revenues	\$ 7,446,946	\$ 5,716,153	76.8%
Operating	\$ 2,734,835	\$ 2,011,119	73.5%
Capital	-	704	-100.0%
Debt Service	5,925,750	591,145	10.0%
Transfers Out	-	-	0.0%
Total Exp	\$ 8,660,585	\$ 2,602,968	30.1%
Net Rev/Exp	\$ (1,213,639)	\$ 3,113,185	



Watch

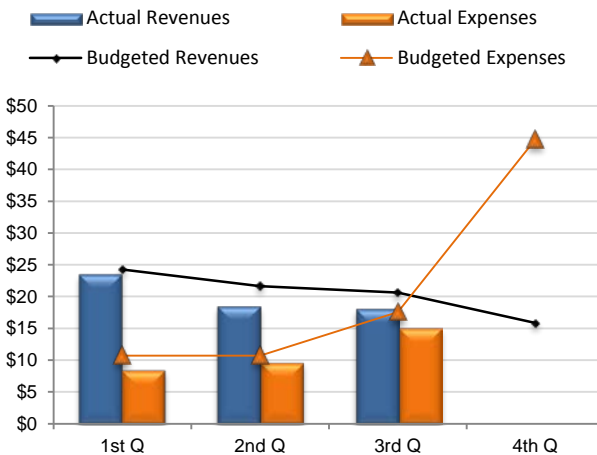
*amounts exclude encumbrances

The Performing Arts Fund accounts for the receipt of the 0.1% Performing Arts Sales Tax, which is used to fund operating and debt service expenses associated with the Tempe Center for the Arts. Revenues through the third quarter of FY 13-14 are 76.8% of budget, compared to the historical tracking percentage of 73.5%. Total expenditures are 30.1% of budget; compared to the historical percentage of 23.1%. The increase in spending compared to the historical pattern is attributable to accelerated purchases of materials and supplies, and payment of fees for services.



Water/ Wastewater Fund

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Revenues	\$ 77,167,160	\$ 60,178,514	78.0%
Transfers In	5,156,086	-	0.0%
Total Revenues	\$ 82,323,246	\$ 60,178,514	73.1%
Operating	\$ 42,347,741	\$ 26,040,586	61.5%
Capital	715,560	415,170	58.0%
Debt Service	35,105,040	6,179,531	17.6%
Transfers Out	5,602,772	371,686	6.6%
Total Expenses	\$ 82,709,284	\$ 33,006,973	39.9%
Net Rev/Exp	\$ (386,038)	\$ 27,171,541	



*amounts exclude contingencies, encumbrances and inventory accounts

Positive

The Water/Wastewater Fund is a self-supporting enterprise fund used to account for all water and wastewater treatment operations in the City. Total revenues through the third quarter of FY 13-14 are 73.1% of budget compared to the historical average of 80.8%. Total expenses through the third quarter are 39.9% of budget compared to 46.6% historically. The adopted annual budget includes a \$1.5 million planned drawdown of fund balance; through the third quarter, the fund posted a \$27.2 million operating surplus. This is the result of the timing of debt service payments and payments for regional wastewater services, which occur in the fourth quarter.

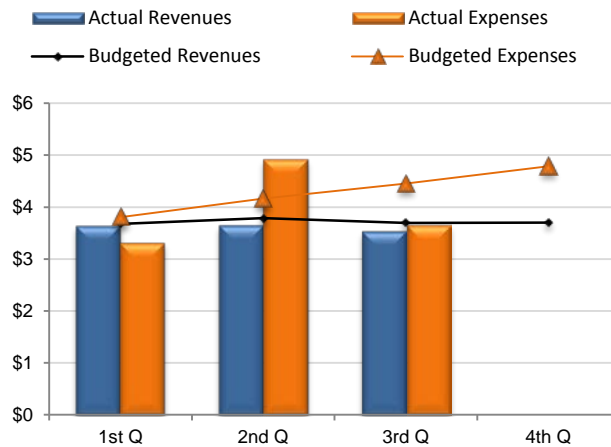


Solid Waste Fund

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Total Revenues	\$ 14,864,052	\$ 10,841,553	72.9%
Operating	\$ 13,806,909	\$ 9,864,272	71.4%
Capital	3,399,609	2,015,135	59.3%
Transfers Out	3,424	3,424	100.0%
Total Expenses	\$ 17,209,942	\$ 11,882,831	69.0%
Net Rev/Exp	\$ (2,345,890)	\$ (1,041,278)	

*amounts exclude transfers out and encumbrances

Positive



The Solid Waste Fund is a self-supporting enterprise fund intended to recover all operating, maintenance, and capital costs of providing residential and commercial solid waste services. Total revenues through the third quarter of FY 13-14 are 72.9% of budget compared to 75.1% historically. Total expenses through the third quarter are 69.0% of budget compared to 72.2% historically. The adopted budget includes a \$2.3 million operating deficit; through the third quarter, the operating deficit is \$1.0 million.

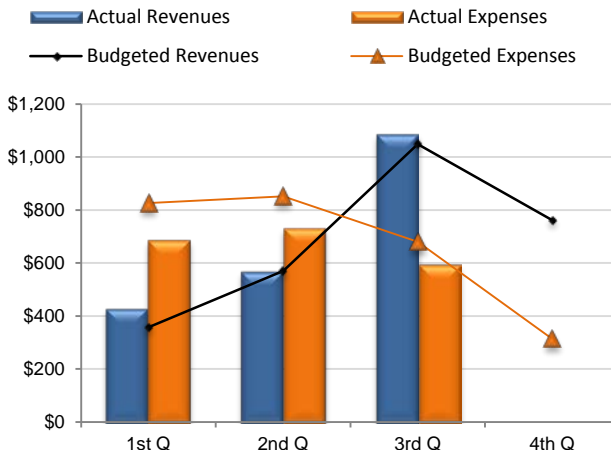


Golf Fund

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Revenues	\$ 2,662,621	\$ 2,011,669	75.6%
Transfers In	74,000	74,000	100.0%
Total Revenues	\$ 2,736,621	\$ 2,085,669	76.2%
Operating	\$ 2,488,246	\$ 1,852,473	74.4%
Capital	181,636	161,535	88.9%
Total Expenses	\$ 2,669,882	\$ 2,014,008	75.4%
Net Rev/Exp	\$ 66,739	\$ 71,660	

*amounts exclude transfers and encumbrances

Positive



The Golf Fund is a self-supporting enterprise fund that provides for operation, maintenance, and debt service costs associated with two municipal golf courses. Total revenues through the third quarter of FY 13-14 are 76.2% of budget compared to 72.2% historically. Total expenses through the third quarter are 75.4% of budget compared to the historical tracking percentage of 88.3%. The adopted budget projects a \$66.7 thousand operating surplus; through the third quarter, the fund had an operating surplus of \$71.7 thousand. This is due primarily to the seasonality of the revenue stream.

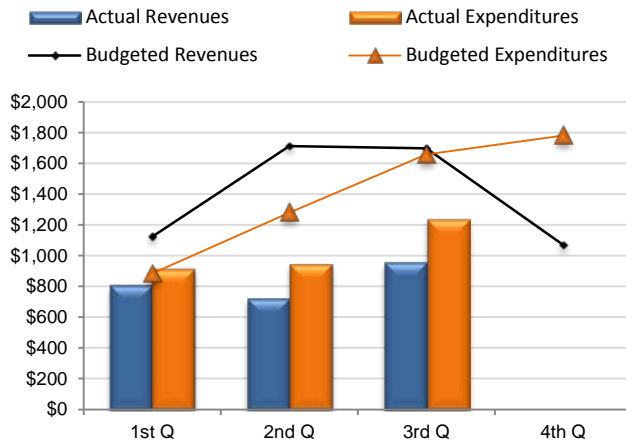


Police Dept-RICO & Grants

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Total Revenues	\$ 4,983,532	\$ 2,494,926	50.1%
Total Expenses	\$ 4,983,532	\$ 3,104,196	62.3%
Net Rev/Exp	\$ -	\$ (609,270)	

*amounts exclude encumbrances and contingency appropriations

Positive



The Police Dept-RICO & Grants Fund accounts for the receipt and expenditure of grants, donations, asset forfeitures, and tow hearing fines associated with Police Department activities. Revenues through the third quarter total 50.1% of the FY 13-14 budget, compared to the historical percentage of 80.9%. Expenditures through the third quarter total 62.3% of the FY 13-14 budget, compared to the historical percentage of 68.2%. The net effect on fund status through the third quarter is an operating deficit that is larger than the historical pattern, though this is largely due to the timing of grant revenues which typically occur on a reimbursement basis.

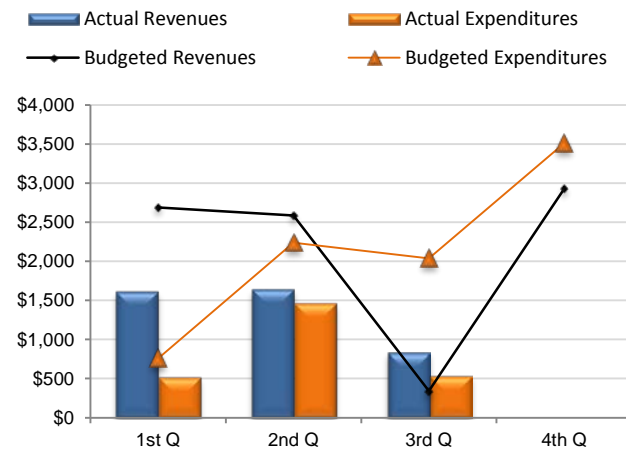


Governmental Grants or Donations

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Total Revenues	\$ 6,704,834	\$ 4,091,687	61.0%
Total Expenses	\$ 6,704,834	\$ 2,529,043	37.7%
Net Rev/Exp	\$ -	\$ 1,562,643	

*amounts exclude encumbrances and contingency appropriations

Positive



The Governmental Grants or Donations Fund accounts for the receipt and expenditure of grants, donations, and other miscellaneous revenues related with general governmental activities. Revenues through the third quarter total 61.0% of the FY 13-14 budget, compared to the historical percentage of 65.7%. Expenditures through the third quarter total 37.7% of the FY 13-14 budget, compared to the historical percentage of 58.9%. The large operating surplus through the third quarter is mostly due to the carry forward of the prior year's grant revenues, which will be expended during the remainder of the year according to the provisions of the applicable grant agreements.

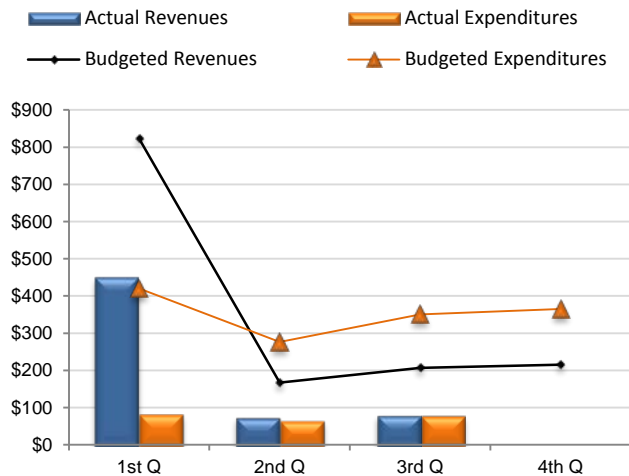


Court Enhancement Fund

	FY 13-14 Budget	FY 13-14 Q3 Actual*	% Budget to Date
Total Revenues	\$ 1,211,301	\$ 606,967	50.1%
Total Expenditures	\$ 1,211,301	\$ 226,517	18.7%
Net Rev/Exp	\$ -	\$ 380,450	

*amounts exclude encumbrances and contingency appropriations

Positive



The Court Enhancement Fund is established to account for fine, fee and forfeiture revenues dedicated for City Court purposes pursuant to state statute and city code. Revenues through the third quarter total 50.1% of the FY 13-14 budget, compared to the historical percentage of 84.8%. Expenditures through the third quarter total 18.7% of the FY 13-14 budget, compared to the historical percentage of 74.2%. Both revenues and expenditures are below their expected levels based on historical patterns, however the shortfalls are equivalent, resulting in minimal impact on the status of the fund.